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PENDAFTAR CAP DAGANGAN MALAYSIA v. ADABI CONSUMER INDUSTRIES SDN BHD & ANOR

COURT OF APPEAL, PUTRAJAYA
HAMID SULTAN ABU BACKER JCA
ZABARIAH MOHD YUSOF JCA
B YEOH WEE SIAM JCA
[CIVIL APPEAL NO: W-01(IPCv)(A)-36-01-2018]
24 DECEMBER 2018

C ***CIVIL PROCEDURE:*** *Costs – Appeal against costs – Applicant applied for judicial review against decision of Registrar of Trade Marks in dispute over registration of trade marks – High Court allowed application for judicial review and ordered costs against Registrar of Trade Marks – Whether costs could be ordered against Registrar of Trade Marks – Whether costs matter of discretion of courts – Whether there are written laws protecting Registrar of Trade Marks from being burdened with costs* D *order – Whether applicant entitled to costs – Trade Marks Act 1976, ss. 4A & 63(1)*

The first respondent was the registered owner of a trade mark which consisted of the stylised word 'Adabi' above the depiction of a traditional Malay palace in respect of the goods of curry powder, rice vermicelli and wheat flour. The second respondent was the registered owner of a trade mark E which consisted of a combination of the Adabi House mark with the addition of the words 'Kicap Tiram'. The first respondent complained to the appellant, an intellectual property corporation, about the alleged fraud by the second respondent in the registration of its trade marks by using fraudulent documents, as well as a false declaration, to gain rights over the trade mark F belonging to the first respondent. The first respondent applied for a judicial review application against the appellant, pursuant to O. 53 of the Rules of Court 2012, for the orders of (i) *certiorari* to quash the whole decision of the appellant that was first communicated to the first respondent; and (ii) *mandamus* to order the appellant to investigate or take action in respect G of the first respondent's complaints in relation to fraud and/or to protect public interest. The High Court Judge allowed the judicial review with costs of RM3,000. In the present appeal, the appellant argued that costs could not be ordered against it as it was the Registrar of Trade Marks, by virtue of s. 63(1) of the Trade Marks Act 1976 ('TMA').

H **Held (allowing appeal)**
Per Hamid Sultan Abu Backer JCA delivering the judgment of the court:

(1) Costs orders are always at the discretion of the court. Costs orders on pure public interest matters against the State or State Authorities, where the applicant has no direct benefit, would not entitle any costs order to I be made against the applicant even though the court may award costs to the applicant, whether or not the State or State Authorities succeed. It all depends on the nature of the issue and the public interest involved,

notwithstanding that the application is likely to fail due to judicial precedent. This is so because judicial precedent is not a strict law and amenable to be reconsidered or reviewed by courts from time to time, depending on the nature of injustice the decisions of the court had perpetuated. (para 8)

(2) Courts should not award costs where a statute, directly or indirectly, gives some protection to the State or its agencies, and they are not burdened with any costs order. In addition to s. 63 of the TMA, s. 4A of the same Act supports the proposition that no costs orders ought to be made against the Registrar. The order of costs made at the High Court was set aside. The first respondent was ordered to pay costs of RM5,000 to the appellant. (para 8)

Bahasa Malaysia *Headnotes*

Responden ialah pemilik berdaftar cap dagangan yang terdiri daripada olahan gaya perkataan 'Adabi' yang di atasnya terlukis istana tradisional Melayu untuk barangan serbuk kari, vermiseli beras dan tepung gandum. Responden kedua ialah pemilik berdaftar cap dagangan yang terdiri daripada gabungan cap Adabi House dengan tambahan perkataan 'Kicap Tiram'. Responden pertama mengadu pada perayu, pertubuhan harta intelek, tentang dakwaan penipuan oleh responden kedua dalam pendaftaran cap dagangannya menggunakan dokumen palsu, serta pengisytiharan palsu, untuk memperoleh hak atas cap dagangan milik responden pertama. Responden pertama memohon semakan kehakiman terhadap perayu, bawah A. 53 Kaedah-kaedah Mahkamah 2012, untuk perintah (i) *certiorari* membatalkan seluruh keputusan perayu yang dimaklumkan pada responden pertama; dan (ii) *mandamus* memerintahkan perayu menyiasat atau mengambil tindakan terhadap aduan responden pertama berkaitan penipuan dan/atau perlindungan kepentingan awam. Hakim Mahkamah Tinggi ('HMT') membenarkan semakan kehakiman dengan kos sebanyak RM3,000. Dalam rayuan ini, perayu menghujahkan kos tidak sepatutnya diperintahkan terhadapnya kerana perayu ialah Pendaftar Cap Dagangan bawah s. 63(1) Akta Cap Dagangan 1976 ('ACD').

Diputuskan (membenarkan rayuan)
Oleh Hamid Sultan Abu Backer HMR menyampaikan penghakiman mahkamah:

(1) Perintah terhadap kos sentiasa dalam budi bicara mahkamah. Perintah terhadap kos untuk hal-hal perkara kepentingan awam sepenuhnya, terhadap Negeri atau Pihak Berkuasa Negeri, apabila pemohon tidak mempunyai manfaat langsung, tidak mewajarkan apa-apa perintah kos dibuat terhadap pemohon walaupun mahkamah boleh mengawardkan kos pada pemohon, sama atau tidak Negeri atau Pihak Berkuasa Negeri berjaya. Ini semua bergantung pada sifat isu dan kepentingan awam

terlibat, tanpa mengira permohonan tersebut akan gagal akibat duluan kehakiman. Ini kerana duluan kehakiman ialah undang-undang ketat dan boleh dipertimbang semula atau disemak oleh mahkamah dari masa ke masa, bergantung pada sifat ketidakadilan keputusan yang mahkamah lakukan.

(2) Mahkamah tidak sepatutnya mengawardkan kos apabila satu-satu statut, secara langsung atau tidak, memberi perlindungan kepada Negeri atau agensi-agensi dan mereka tidak dibebankan dengan apa-apa perintah kos. Selain s. 6 ACD, s. 4A Akta yang sama menyokong saranan bahawa tiada perintah terhadap kos yang harus dibuat terhadap Pendaftar. Perintah terhadap kos yang dibuat di Mahkamah Tinggi diketepikan. Responden pertama diperintah membayar kos RM5,000 kepada perayu.

Case(s) referred to:

ECM Libra Investment Bank Bhd v. Foo Ai Meng & Ors [2013] 1 LNS 99 CA ***(refd)***

Indira Gandhi Mutho v. Pengarah Jabatan Agama Islam Perak & Ors And Other Appeals [2018] 3 CLJ 145 FC ***(refd)***

Kyros International Sdn Bhd v. Ketua Pengarah Hasil Dalam Negeri [2013] 3 CLJ 813 CA ***(refd)***

Re Hj Khalid Abdullah; Ex P Danaharta Urus Sdn Bhd [2008] 2 CLJ 326 HC ***(refd)***

Reebok (M) Sdn Bhd v. CIMB Bank Bhd [2018] 1 LNS 1186 CA ***(refd)***

Semenyih Jaya Sdn Bhd v. Pentadbir Tanah Daerah Hulu Langat & Another Case [2017] 5 CLJ 526 FC ***(refd)***

World Grand Dynamic Marketing Sdn Bhd v. FJVAA SPA Sdn Bhd & Ors [2017] 1 CLJ 720 HC ***(refd)***

Legislation referred to:

Rules of Court 2012, O. 59 r. 3

Trade Marks Act 1976, ss. 4A, 63(1)

For the appellant - Azrul Shahreen Abdul Aziz & Iylia Hashim; M/s Rose Hussin
For the 1st respondent - Adhuna Kamarul Ariffin & Nur Atiqah Samian; M/s Bustaman
For the 2nd respondent - Lee Chiao Ying; M/s Shearn Delamore & Co

[Editor's note: Appeal from High Court, Kuala Lumpur; Judicial Review No: 25-206-11-2014 (overruled).]

Reported by Najib Tamby

JUDGMENT

Hamid Sultan Abu Backer JCA:

[1] This appeal is unique and related to a principle of law and statutory construction as to costs only. The costs in this case is related to a judicial review application made by the respondent and the court in allowing the application, had ordered costs against the appellant in the sum of RM3,000.

[2] Before us, the appellant says that costs cannot be ordered against the appellant who is the Registrar of Trade Marks by virtue of s. 63(1) of the Trade Marks Act 1976 ('the TMA') which reads as follows:

> Section 63 Costs
>
> (1) In all proceedings before the Court under this Act, the Court may award to any party such costs as it may consider reasonable and the costs as it may consider reasonable and the costs of the Registrar shall be in the discretion of the Court, but the Registrar shall not be ordered to pay the costs of any of the other parties.
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> (2) In all proceedings before the Registrar under this Act, the Registrar shall have power to award to any party such costs as he may consider reasonable and to direct how and by what parties they are to be paid, and any such order may, by leave of the Court, be enforced in the same manner as a judgment or order of the Court to the same effect.

The Brief Facts And Grounds Of Decision

[3] The brief facts and grounds of decision as placed before us in a rudimentary manner read as follows:

(1) this is an appeal by the first respondent against the decision by the High Court judge in awarding cost of RM3,0000 to the applicant and the cost to be paid by the first respondent. The appeal only issue on cost;

(2) the applicant is the registered owner of the Trade Mark No 85/02021 which consist of the stylised word 'adabi' above depiction of a traditional Malay palace in respect of the goods of curry powered, rice vermicelli, wheat flour, all included in Class 30;

(3) the first respondent is the intellectual property corporation of Malaysia, a statutory body established under the Intellectual Property Corporation of Malaysia Act 2002;

(4) the second respondent is the registered owner of the Trade Mark No 89001729 the representation of which consists of a combination of the Adabi House Mark with the addition of the words 'KICAP TIRAM';

(5) in the High Court proceeding, the applicant had applied for a judicial review application against the first respondent under O. 53 of the Rules of Court 2012 ('the ROC 2012') for the following orders:

(a) an order for certiorari to quash the whole decision of the first respondent that was first communicated to the applicant *via* letter dated 16 July 2014;

(b) an order for *mandamus* to order the first respondent to investigate or take action in respect of the applicant's complaints in relation to fraud and/or to protect public interest; and

(d) any other relief by the court;

(6) the subject letter of review is the first respondent's decision made in a letter dated 16 July 2014. The decision made was in reply to the applicant's complaint in their letter dated 31 December 2013 to the first respondent alleging fraud by the second respondent in the registration of trade marks by using fraudulent documents as well as a false declaration to gain rights over the trademark which belongs to the applicant; and

(7) upon hearing, the HC judge allowed the judicial review filed by the applicant with cost of RM3,000.

Grounds Of Decision Of The High Court

(1) the law on judicial review is trite, that judicial review is not to review the reasons why the body acted the way it did, but would only look at whether the decision making process was done legally. In such application, the court is not exercising its appellate jurisdiction but supervisory decision;

(2) since the decision maker, ie the first respondent is public servant, his performance of duties is bound by the relevant statutes of law for the public servant. This is because the rights and obligations of the public servant and the government have been described by the law or the administrative regulations made by the government;

(3) the issue for determination in this case is whether the scope of duty, power, jurisdiction and/or capacity of the first respondent under s. 45(1)(c) of the Trade Marks Act 1976, include the power to investigate fraud as alleged by the applicant with regard to the registration of the 1985 Mark/Adabi House Mark;

(4) it is very clear under the Act that the Registrar has the power to rectify the register (s. 45), may refuse or accept the application for trademark (s. 25(3)), withdraw the acceptance of application for trademark (see s. 25(12)), and he has the power in prosecuting offences on false entries (s. 9). Therefore in order to carry out his duty under the powers given in the aforesaid provisions, there must be facts/materials which require the Registrar to investigate or examine, for him to arrive at a decision under the above mentioned provisions;

(5) nowhere in the Trade Marks Act 1976, does it expressly provide powers for investigation to the registrar. However, in order to exercise his power and to carry out his duty, in my opinion, the registrar has the implied power of investigation or examination on certain facts before him or which has been brought to his attention and in this case the allegation of fraud on registration of the 1989 Mark, the 1985 Mark and the application for the 2012 Mark;

(6) it is my considered opinion that the duty to rectify trademarks, the duty to investigate the discrepancies of documents that were filed with the first respondent are duties arising which are manifestly clear from the Trade Marks Act 1976. The first respondent's power and jurisdiction must include a power to make a finding whether

there was fraud. The decision of the first respondent that it does not have any power, jurisdiction and/or capacity in making a finding that there was fraud is wrong. The first respondent had made an error in law and/or by facts and/or reached a decision that is irrational and/or incorrect and/or without jurisdiction. The first respondent had failed to consider the provision under s. 45(1)(c) of the Trade Marks Act 1976; and

(7) based on the above, the judicial review application is allowed with cost of RM3,000 to be paid by the first respondent to the applicant.

[4] The memorandum of appeal, *inter alia*, reads as follows:

(1) Yang Arif Hakim telah terkhilaf dari segi undang-undang dalam memerintahkan Perayu untuk membayar kos sebanyak RM3,000.00 kepada Pemohon bagi Permohonan Semakan Kehakiman Guaman No 25-206-11/2014 (selepas ini dirujuk sebagai 'Permohonan Semakan Kehakiman tersebut').

(2) Yang Arif Hakim telah terkhilaf dari segi undang-undang dan/atau fakta dalam keputusan beliau apabila beliau memerintahkan Perayu untuk membayar kos sebanyak RM3,000.00 kepada Pemohon bagi Permohonan Semakan Kehakiman tersebut kerana peruntukan undang-undang cap dagangan yang ditetapkan di bawah Akta Cap Dagangan 1976 (ACD) telah menetapkan bahawa Perayu selaku Pendaftar Cap Dagangan tidak boleh diperintahkan untuk membayar kos kepada mana-mana pihak dalam presiding di Mahkamah.

(3) Yang Arif Hakim juga telah terkhilaf dari segi undang-undang dan/atau fakta apabila tidak mengambil kira bahawa peruntukan ACD adalah jelas menyatakan bahawa Mahkamah mempunyai budi bicara berkenaan memberikan perintah untuk kos namun begitu ianya turut memperuntukkan bahawa Pendaftar Cap Dagangan tidak boleh diperintahkan untuk membayar kos kepada mana-mana pihak dalam prosiding di Mahkamah.

(4) Yang Arif Hakim telah terkhilaf dari segi undang-undang dan/atau fakta kerana tidak mengambil kira peranan Perayu yang bertugas sebagai Pendaftar Cap Dagangan yang hanya menjalankan tugas statutori seperti yang dituntut di bawah ACD untuk kepentingan awam.

(5) Yang Arif Hakim telah terkhilaf dari segi undang-undang dan/atau fakta apabila memerintahkan Perayu untuk membayar kos kepada Responden Pertama tanpa mengambil kira bahawa peruntukan ACD yang sedia ada di mana ini akan melangkaui peruntukan rang undang-undang yang diluluskan oleh Parlimen yang jelas memperuntukkan bahawa Perayu selaku Pendaftar Cap Dagangan tidak boleh diperintahkan untuk membayar kos kepada mana-mana pihak dalam prosiding di Mahkamah.

(6) Yang Arif Hakim telah terkhilaf dari segi undang-undang dan/atau fakta dalam keputusan beliau apabila beliau gagal mempertimbangkan secara sewajarnya peruntukan ACD mengenai tiadanya keperluan untuk Perayu membayar apa-apa kos bagi pihak yang satu lagi dalam apa-apa prosiding di Mahkamah.

(7) Yang Arif Hakim telah terkhilaf dari segi undang-undang dan/atau fakta dalam keputusan beliau apabila beliau gagal mengambilkira undang-undang dan/atau fakta-fakta yang relevan dan/atau mengambilkira undang-undang dan/atau fakta-fakta yang tidak relevan.

(8) Oleh yang demikian, saya dengan rendah diri memohon supaya Rayuan dibenarkan dengan kos.

Submission Of The Respondent

[5] Learned counsel for the respondent submits, costs cannot be awarded against the Registrar when the application is made under the TMA only. In the instant case, learned counsel says it was a judicial review application and in consequence the costs order is regular, even though counsel admits that the TMA was a relevant consideration in the judicial review application and relies on *World Grand Dynamic Marketing Sdn Bhd v. FJVAA SPA Sdn Bhd & Ors* [2017] 1 CLJ 720; [2016] MLJU 902, where it was observed:

> [23] Section 63(1) of the TMA provides that in all proceedings under TMA, the registrar shall not be ordered to pay the costs of any party. This application is not a proceeding under the TMA. As explained above, the Original Action (based on the tort of passing off) does not concern the TMA. As such, s. 63(1) of the TMA cannot bar the court from exercising its discretion to order 'costs to follow the event' under O. 59 r. 3(2) of the RC, namely costs of this application should be awarded to the plaintiff (who has resisted successfully this application).
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> [24] It is not disputed that the applicants are officers of the registrar who are only performing their official functions and duties in this case. Accordingly, the registrar should be vicariously liable for the costs of this application to the plaintiff. I therefore order the registrar (not the applicants) to bear the costs of this application.
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> [25] In the exercise of the court's discretion under O. 59 r. 21 of the RC, I fix a sum of RM1,500 as costs to be paid by the registrar to the plaintiff for this application. This is because although This application raises novel questions of law regarding ss. 63 and 65 of the TMA, this application has been made by the registrar in the public interest to ensure that the registrar's officers do not have to expend valuable time, effort and expense to attend court to testify as witnesses unless the evidence of the registrar's officers is relevant to the case in question and can assist the court to decide the dispute in a just manner.

[6] Learned counsel distinguishes the *Sri Paandi* case to say:

> Further to this, the first respondent would like to emphasise that even though the same judge in the case of *Sri Paandi Restaurant Sdn Bhd & Anor v. Saraswathy a/p Kesavan & Ors* [2017] MLJU 628 had decided contrary to the *World Grand Dynamic* case above with regard to the issue of costs on the basis that the Appellant is performing statutory duties and functions under the Trade Marks Act 1976 in the public interest, it is submitted that the Appellant in the present case did not actually perform their duties and functions under the Trade Marks Act 1976 upon receiving the complaint letter from the First Respondent. The decision as provided in the case of *Sri Paandi* can therefore be distinguished from the present case and will be discussed below based on the facts of the case particularly in relation to the Appellant's duties and obligations.

[7] Learned counsel for the respondent also highlights O. 59 r. 3 of the ROC 2012 which reads as follows:

> Order 59 rule 3 When costs to follow the event
>
> (1) Subject to the following provisions of this Order, no party shall be entitled to recover any costs of or incidental to any proceedings from any other party to the proceedings except under an order of the Court.
>
> (2) If the *Court in the exercise of its discretion sees fit to make any order as to the costs of or incidental to any proceedings, the Court shall, subject to this Order, order the costs to follow the event, except when it appears to the Court that in the circumstances* of the case some other order should be made as to the whole or any part of the costs. (emphasis added.)

[8] We have read the appeal records and the able submissions of the parties. After much consideration to the submissions of the respondent, we take the view that the appeal should be allowed. Our reasons, *inter alia*, are as follows:

(i) costs orders are always at the discretion of the court. Costs orders on pure public interests matters against the state or state authorities, etc, where the applicant has no direct benefit, will not entitle any costs order to be made against the applicant even though the court may award costs to the applicant, whether or not the state or state authorities succeed. It all depends on the nature of the issue and the public interest involved, notwithstanding that the application is likely to fail due to judicial precedent. This is so because judicial precedent is not a strict law and amenable to be reconsidered or reviewed by courts from time to time, depending on the nature of injustice the decisions of the court had perpetuated (see *Reebok (M) Sdn Bhd v. CIMB Bank Bhd* [2018] 1 LNS 1186; [2018] 6 AMR 10);

(ii) in dealing with the concept of '*stare decisis*' Hamid Sultan JC (as he then was) in *Re Hj Khalid Abdullah; Ex P Danaharta Urus Sdn Bhd* [2008] 2 CLJ 326, had this to say:

> *Stare decisis* is nothing more than judge made law, which requires the decision of the apex court to be followed to ensure that there is certainty in the application of law to achieve substantive justice. This principle of *stare decisis* cannot tie the hands of individual judges of His Majesty in administering substantive justice when the decision of the apex court will perpetuate fraud or reward fraud or the decision *per se* can be said to be abhorrent to notions of justice and fair play or inconsistent with subsequent amendments to Act of Parliament or rules of procedure, etc (see *Adorna Properties Sdn Bhd v. Boonsom Boonyanit @ Sun Yok Eng* [2001] 2 CLJ 133, *Lam Kong Co Ltd v. Thong Guan Co Pte Ltd* [2000] 3 CLJ 769, and *Capital Insurance Bhd v. Aishah bte Abdul Manap & Anor* [2000] 4 CLJ 1 – Article [2001] MLJ 1: xlix). This is so because each and every judge has taken an oath of office individually and not collectively to protect the Constitution. When an apex court decision is fatally flawed and will cause substantive injustice, then the stare decisis principle cannot override the constitutional responsibility of a judge, for if he does so, it will be in breach of his oath of his office.

(iii) the decision of the English Court in relation to judicial precedent based on common law as well as the concept of parliamentary supremacy, cannot be blindly applied in a nation which subscribes to constitutional supremacy (see *Semenyih Jaya Sdn Bhd v. Pentadbir Tanah Daerah Hulu Langat & Another Case* [2017] 5 CLJ 526 (FC); *Indira Gandhi Mutho v. Pengarah Jabatan Agama Islam Perak & Ors And Other Appeals* [2018] 3 CLJ 145; [2018] 1 MLJ 545); The courts here are the supreme policing authority of what is right and wrong within the framework of the Constitution. The courts also have a constitutional duty to ensure public interest litigation are not thwarted by courts' costs orders. In consequence, when there is an element of public interest, courts will be slow in making costs orders and even in a situation where it has to make costs orders such as judicial review matters, it should be nominal as opposed to say reasonable and/or party to party costs;

(iv) courts should not award costs orders where a statute directly or indirectly gives some protection to the state or its agencies, etc, and they are not to be burdened with any costs order;

(v) in addition to s. 63 of the TMA, s. 4A also supports the proposition that no costs orders ought to be made against the Registrar. The said s. 4A reads as follows:

> Section 4A Protection of officers
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> No action or prosecution shall be brought, instituted or maintained in any Court against:
>
> (a) the Registrar of Trade Marks;

(b) a Deputy Registrar of Trade Marks; or

(c) an Assistant Registrar of Trade Marks,

for any act or omission done in good faith in the performance of his functions and the exercise of his powers under this Act.

(vi) Learned counsel for the appellant had relied on a number of cases. We do not think it is necessary to go through them as costs orders are discretionary orders and the appellate court will rarely intervene unless on public policy grounds, as stated earlier, or the trial court in breach of statutory guidelines had ordered costs and/or the quantum is excessive on the facts of the particular case, as well as the financial status or nexus of the parties in relation to access to justice.

[9] As a general rule, the apex court will be slow in interfering with the discretionary exercise of the High Court (see *Kyros International Sdn Bhd v. Ketua Pengarah Hasil Dalam Negeri* [2013] 3 CLJ 813; [2013] 2 MLJ 650; *ECM Libra Investment Bank Bhd v. Foo Ai Meng & Ors* [2013] 1 LNS 99; [2013] 3 MLJ 35). However, this is a fit and proper case to intervene in a discretionary exercise of the costs order.

[10] For the reasons stated above, the appeal is allowed with costs. The order of costs made in the High Court is set aside.

[11] After hearing submission on costs for this appeal, we ordered the first respondent to pay costs of RM5,000 to the appellant, subject to allocator fee. Deposit was ordered to be refunded.

We hereby ordered so.